



HOUSE BUDGET COMMITTEE

Democratic Caucus

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The \$40 Billion Supplemental: An Update

In the aftermath of September 11, Congress passed P.L. 107-38, the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. This supplemental appropriates \$40 billion and allows the Bush Administration broad discretion to spend the first \$20 billion as it sees fit, with minimal reporting requirements. The supplemental provides, however, that the second \$20 billion can be spent only after the Administration has specifically requested it and Congress has passed a bill reported by the Committee on Appropriations.

Even though the Bush Administration endorsed additional tax cuts in the House-passed stimulus bill that could reduce revenues by \$242 billion over the next five years, it opposes additional funding for New York or homeland security under the guise of fiscal responsibility.

This report does not examine the need for funds exceeding \$40 billion. This report focuses instead on the \$40 billion package, asking: How much has the Administration released? How much remains? Where has the money gone? Where will the rest go?

On November 14, the House Appropriations Committee, closely following the Administration's request, approved the supplemental appropriations bill that will provide the second \$20 billion of the \$40 billion that Congress approved. P.L. 107-38 authorized the President to immediately release the first \$10 billion as he wished, but required the Administration to hold the second \$10 billion for 15 days after submitting a spending plan to Congress.

In brief, the Administration wants to divide the \$40 billion as follows:

- \$20.7 billion for the Department of Defense (DOD);
- \$ 7.5 billion for the Federal Emergency Management Agency (FEMA);
- \$10.7 billion for other agencies; and
- \$ 1.0 billion not yet assigned.

\$40 Billion By Agency

Includes Requested Funding

Defense	\$20.7 billion
FEMA	\$7.5 billion
Justice Department	\$1.2 billion
State Department	\$1.2 billion
FAA	\$1.0 billion
Other Agencies	\$7.3 billion
Unreleased	\$1.0 billion

The law stipulated that “not less than one-half of the \$40,000,000,000 shall be for disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania...” However, according to Administration press releases, these affected communities will receive only \$9.5 billion from the \$40 billion emergency funding: they already have received approximately \$3.2 billion with another \$6.3 billion to come. The Administration claims that New York and the other affected communities will receive the remainder of the promised \$20 billion through other legislation.

How New York Fares

Includes All Requested Funding

Released	\$3.2 billion
Requested	\$6.3 billion
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	\$9.5 billion

\$10 Billion, Immediate Release

\$9.0 billion released, \$1.0 billion remaining

- On **September 21**, the Administration released \$5.1 billion of the first tranche of funds: \$2.5 billion to the Department of Defense (DOD), \$2 billion to the Federal Emergency Management Agency (FEMA), and approximately \$600 million to other agencies. Of the \$2.5 billion for DOD, \$1.8 billion was for upgrading intelligence and security, enhancing force protection, and improving command and control. The remaining \$776 million was for initial crisis response, Pentagon repair, increasing full readiness, and other recovery needs. FEMA received \$2 billion for debris removal and emergency protective measures, individual and family assistance, search and rescue, and other disaster assistance efforts in New York and other affected jurisdictions. The remaining \$567 million was for a variety of agencies and purposes, including the following: emergency grants to disaster-affected metropolitan area health providers; investigative expenses of the Federal Bureau of Investigation (FBI); increased airport security and sky marshals; evacuation of high-threat embassies abroad; additional funding for the Small Business Administration disaster loan program; and other national security operations.
- On **September 28**, the Administration released another \$1.8 billion, \$1.7 billion of which was for DOD. The DOD funds were to increase efforts against global terrorist activities, sustain protective deployments, and protect the safety and health of service members and the public. The remaining \$112 million was used for increased security measures such as relocating Eisenhower Executive Office Building personnel, paying overtime compensation for the Capitol Police, and enhancing security in courthouses.
- On **October 5**, the Administration released \$196 million for several purposes, including the creation of the Office of Homeland Security, and programs for refugee and food assistance in Afghanistan, Pakistan, and other neighboring countries.

- On **October 22**, the Administration released another \$71.4 million to DOD for increased situational awareness (intelligence) and the initial costs for National Guard personnel to provide airport security.

- On **November 5**, the Administration released \$2.3 million for 100 state-activated National Guard troops to enhance security and expedite U.S. Customs Service checks at U.S.–Canadian ports of entry for three months.

- On **November 9**, the Administration released \$1.7 billion, \$930 million of which was for DOD. The DOD funds were to provide for increased situational awareness, repair of the Pentagon, improved command and control, increased worldwide posture, initial crisis response, and enhanced force protection. Of the remaining \$811 million, \$778 million was for international assistance programs: \$643 million for international security assistance and \$136 million for the Agency for International Development (AID). \$23 million was for food assistance in Afghanistan and other countries in the region, and \$9 million was to fund the administrative expenses of the Air Transportation Stabilization Board. This \$9 million was originally included in the Administration's request for the \$20 billion which requires legislation (made on October 17, see below).

Release Timetable For \$40 Billion		
Fund	Amount Released	Remaining
Immediate Release		\$10.0 billion
September 21	\$5.1 billion	
September 28	\$1.8 billion	
October 5	\$196 million	
October 22	\$71 million	
November 5	\$2 million	
November 9	\$1.7 billion	\$1.0 billion
15-Day Release		\$10.0 billion
October 22	\$1.6 billion	
November 5	\$900 million	
November 9	\$7.5 billion	fully expended
Requires Legislation		\$20 billion
October 17	\$20 billion requested*	

* \$9 million may be still available, as funds originally requested were subsequently released from the Immediate Release Fund.

\$10 Billion, 15-Day Review and Release

\$10.0 billion released

- On **October 22**, the Administration provided its plan to Congress to spend \$1.6 billion for increased airport security, food assistance programs in foreign countries, economic assistance to Pakistan, counterterrorism activities, and national security operations. Of this amount, \$1.1 billion is for DOD activities that include programs to increase situational awareness, improve command and control, provide airport security, and fight terrorism.

- On **November 5**, the Administration released \$900 million from the 15-Day Release Fund. Of this \$900 million, \$700 million was provided for the Community Development Block Grants program for New York City businesses affected by the terrorist attacks on the World Trade Center and to assist in the city's economic recovery. This aid will help to mitigate the actual or potential loss of substantial numbers of businesses and private sector jobs from Lower Manhattan. \$25 million was for the FAA to compensate the Metropolitan Washington Airports Authority and its concessionaires for the federal closure and reduced flight schedule at Reagan National Airport. The remaining \$175 million was for the U.S. Postal Service to purchase irradiation equipment to sanitize the mail, personnel protection equipment (gloves, masks, barrier creams), first response/environmental testing kits and services, site clean-up and medical goods and services, and public education materials.
- On **November 9**, the Administration released the remaining \$7.5 billion from the 15-Day Release Fund. DOD received \$7.0 billion for increased worldwide posture, increased situational awareness, offensive counterterrorism, enhanced force protection, improved command and control, initial crisis response, repair of the Pentagon, and National Guard personnel providing airport security. The remaining \$507 million was for the State Department, the FBI, the FAA, and other purposes.

\$20 Billion, New Legislation Required

\$20 billion requested

On October 17, the Administration sent its request to Congress for the \$20 billion of the emergency supplemental that becomes available only after Congress appropriates it in separate legislation. The request includes \$7.3 billion for DOD, \$5.5 billion for FEMA, \$2.0 billion for the Department of Labor's National Emergency Grants, \$1.6 billion for the Department of Health and Human Services' Public Health and Social Services Emergency Fund, \$1.1 billion for the Department of Justice, and \$2.4 billion for various other agencies. The Administration classifies the \$20 billion as including \$7 billion for fighting terrorism, \$6.3 billion for recovery efforts in New York, and \$6.9 billion for disaster response elsewhere and homeland security.

On November 9, the Administration released \$9 million for the Air Transportation Stabilization Board from the Immediate Release Fund. This amount was also included in the October 17 request for \$20 billion.

Closely adhering to the Administration's request, the House Appropriations Committee has now marked up the supplemental appropriations bill that will provide the second \$20 billion and attached it to the fiscal year 2002 DOD appropriations bill. The bill is awaiting House consideration. The Senate has yet to act on this matter.